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July 20, 2006

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Post Office Box 11649
Columbia, South Carolina 29211

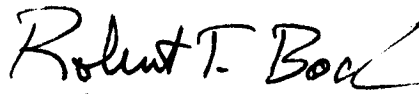
Re: Application of Piedmont Water Company, Inc. for Approval of
Stock Purchase Agreement

Dear Mr. Terreni:

Please find enclosed for filing the original and ten (10) copies of the Application of Piedmont Water Company, Inc. in the above-captioned matter. By Certificate of Service appended to the Application, I am serving counsel of record for the Office of Regulatory Staff.

Should you have any questions with respect to this filing, please do not hesitate to contact me.

Very truly yours,


Robert T. Bockman

Enclosures

cc: Florence P. Belser, Esquire (w/encl.)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2006-198-W

In re: Application of Piedmont Water Company,)
Inc., for Approval of Stock Purchase)
Agreement)
_____)

APPLICATION

Piedmont Water Company, Inc. (the "Company") submits this Application and seeks certain relief in the nature of approval of a Stock Purchase Agreement (the "Agreement") as further described in the Application. In support of its requested relief, the Company would respectfully state unto this honorable Commission:

1. That the Company owns and operates a water supply and distribution system by which it provides potable water to residential users in Pickens County, South Carolina ("System").

2. That D. Reece Williams, IV, ("Seller") and Stan Brown ("Purchaser") have entered into the Agreement, dated January 13, 2006, by which the Seller would sell and transfer to the Purchaser his ownership interest in the Company consisting of one hundred percent (100%) of the issued and outstanding shares of the Company's stock.

3. That a copy of the Agreement is attached to this Application and incorporated in it by reference.

4. That the Commission has jurisdiction to approve the Agreement pursuant to 26 S.C. Code Regs. 103-704 (1976, as amended).

5. That the approval of the Agreement will enable the Purchaser to assume operational responsibility for the System and to undertake the responsibilities to comply with existing regulatory requirements.

6. That upon approval of the Agreement, the Purchaser will have the authority to submit the necessary information to satisfy the reporting and record requirements of R. 103-710, *et seq.* and to file the appropriate pleading to establish rates and charges for water services and to establish its service area as prescribed by R. 103-712.4B.

7. That public convenience and necessity will be best served by approval of the Agreement.

8. That all correspondence and communication with respect to this Application be directed to:

Stan Brown, President
Piedmont Water Company, Inc.
171 Sliding Rock Road
Pickens, South Carolina 29671

and to the undersigned legal counsel.

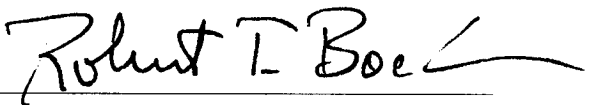
WHEREFORE, the Company respectfully requests the Commission:

1. To review the Application and the Stock Purchase Agreement and issue its certificate of public convenience and necessity approving the Agreement.

2. For such other and further relief as is just and proper.

Respectfully submitted,

Robert T. Bockman
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

By: 

July 20, 2006

Columbia, South Carolina

STOCK PURCHASE AGREEMENT

NOTICE IS HEREBY GIVEN THAT THIS STOCK PURCHASE AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE PROVISIONS OF CHAPTER 43 OF TITLE 15 (S.C. CODE ANN. §15-41-10 ET SEQ.) OF THE SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED

This Stock Purchase Agreement (Agreement) is made as on the dates set forth below by and among D. Reece Williams, IV (the Sellers) and Stan Brown (the Purchaser).

WITNESSETH

WHEREAS, Piedmont Water Company, Inc. (the Corporation) is currently engaged in the business of owning, operating and supplying water to residential customers all of whom are located in Pickens County, South Carolina; and

WHEREAS, the Seller is the owner of one hundred (100%) percent of the issued and outstanding shares of the Corporation; and

WHEREAS, the Seller wishes to sell and the Purchaser wishes to purchase all of the shares of the Corporation in accordance with the terms and conditions set forth below.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties to this Agreement hereby agree as follows:

1. PURCHASE AND SALE OF SHARES.

Subject to the terms and conditions set forth herein, the Seller shall sell, transfer and assign to the Purchaser, for and in consideration of the sum of Ten Dollars (\$10.00) and no/00 and other valuable consideration, the sufficiency of which is hereby acknowledged, all of the shares which they presently own in the Corporation, those shares constituting one hundred (100%) percent of the issued and outstanding capital stock of the Corporation.

2. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

As a material inducement of the Purchaser to enter into and perform his obligations under this Agreement, Sellers hereby represent and warrant as follows:

(a) Binding Agreement. This Agreement will constitute a legal, valid and binding obligation of the Seller and will be enforceable against the Seller in accordance with its terms.

(b) Title to Shares. Seller represents and warrant that he holds good, marketable title to the shares, free of all liens and encumbrances, and free of any beneficial interests of any third parties, and that he has the right to convey the shares to the Purchaser and otherwise perform his obligations under this Agreement.

(c) Brokers. Seller has retained no broker in connection with this transaction and have made no arrangements with respect to any finders fees or commissions upon the consummation of this Agreement.

(d) Disclosure of Liabilities. Seller has disclosed to the Purchaser all liabilities of the Corporation of which the Sellers have knowledge.

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER.

As a material inducement to the Seller to enter into and perform his obligations under this Agreement, Purchaser hereby represents and warrants as follows:

(a) Binding Agreement. This Agreement will constitute the legal, valid and binding obligation of the Purchaser and will be enforceable against the Purchaser in accordance with its terms.

(b) Investment Representation. Purchaser is acquiring the shares subject to this Agreement for the purposes of treasury stock only, for his own account, and not for the account of others, and not with a view for the resale or distribution thereof.

(c) Brokers. Purchaser has retained no broker in connection with this transaction and has made no arrangements with respect to any finders fees or commissions upon the consummation of this Agreement.

(d) Disclosure of Liabilities. Purchaser acknowledges that he has had the opportunity to fully and completely inspect the assets of the Corporation, the books of the Corporation, any and all records of the Corporation, the files of the Corporation in regard to any and all enforcement actions pending or threatened against the Corporation by the Department of Health and Environmental Control, the Office of Regulatory Staff, the South Carolina Public Service Commission (Regulatory Agencies) and any and all litigation which is pending or threatened in regard to the Corporation the Regulatory Agencies or third parties, and Purchaser hereby acknowledges and represents that he has had the opportunity to inspect the files of counsel for the Corporation in regard to any and all matters which are pending or threatened against the Corporation. Purchaser hereby warrants and represents that he is satisfied with such disclosure and is fully aware of all matters which are pending or threatened against the Corporation, including, but not necessarily limited to, those matters set forth on Exhibit "A" which is attached hereto.

(e) Continuing Warranties. Purchaser agrees that the foregoing warranties, covenants and representations are of a continuing nature and shall survive the closing.

4. INDEMNIFICATION. Seller agrees to indemnify and hold harmless the Purchaser from and against any claim, liability, deficiency or loss (including reasonable attorneys' fees) suffered by the Purchaser resulting from any misrepresentation or breach by Seller of any of the conditions, representations, warranties or covenants made by Seller herein.

Purchaser agrees to indemnify and hold harmless Seller from and against any claim, liability, deficiency or loss (including reasonable attorneys' fees) suffered by Seller resulting from any misrepresentation or breach by Purchaser of any of the conditions, representations, warranties or covenants made by Purchaser herein.

In case any event shall occur which would entitle any party to a right of indemnification hereunder, the party entitled to indemnification shall promptly notify the indemnifying party, in writing, of any claim or demand which has given rise to a right of indemnification under this Agreement ("Notice of Claim"). Subject to the right to defend such

claims, the indemnifying party shall satisfy its obligations under this Paragraph within sixty (60) days after the date of the Notice of Claim.

5. PAYMENT OF EXPENSES.

Except as specifically provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party shall pay all of his, her or its own expenses (including without limitation, fees of attorneys) contemplated hereby, and the negotiations leading to this Agreement, and the preparations made for carrying the same into effect.

6. NOTICES.

All notices to be given by any party to this Agreement or to any other party or parties shall be in writing and shall be given in person or by depositing such notice in the United States mail, postage prepaid (by either registered or certified mail), and addressed as follows unless a change of such address has been given and acknowledged:

TO SELLER:

D. Reece Williams, IV
#2 Fifth Avenue
Charleston, S.C. 29403

COPIES TO:

Louis H. Lang, Esq.
1812 Lincoln Street
Post Office Box 1390
Columbia, SC 29202-1390

TO PURCHASER:

COPIES TO:

Any such notice deposited in the United States mail shall be deemed for all purposes of this Agreement to have been given 48 hours after such deposit.

7. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations, warranties and agreements made by Purchaser and Sellers in this Agreement or pursuant hereto shall survive the closing.

8. APPROVALS.

Purchaser shall be responsible for obtaining all necessary approvals in regard to this Agreement from any Regulatory Agency required and Purchaser shall bear the expense of same. Seller shall lend his best efforts in obtaining such approvals.

9. MANAGEMENT AGREEMENT.

From the date of the execution of this Agreement up to and including the date of the final Regulatory Approval of the stock transfer contemplated by this Agreement (Management

Period), the Purchaser shall manage the business of the Corporation and shall be authorized to do all things necessary to accomplish the management of said system and Seller shall not have any responsibilities in regard to such management. Purchaser shall be authorized to collect all sums due the Corporation, pay all debts of the Corporation and shall in all ways be in complete control of said corporation. If Purchaser fails to obtain all necessary approvals for the transaction contemplated by this Agreement, then and in that case, upon five (5) days notice of the same, Seller shall resume management of the Corporation.

10. ENTIRE AGREEMENT.

This Agreement constitutes the entire understanding among the parties with respect to the subject matter hereof superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be amended or terminated except in writing executed by Purchaser and Seller and the parties hereby waive any right they might otherwise have to effect oral amendments or amendments based upon conduct or practice hereto subsequent to the execution hereof.

11. CHOICE OF LAW.

This Agreement shall be governed in accordance with the laws of the State of South Carolina.

12. HEADINGS.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the terms and provisions hereof.

13. COMPUTATION OF DAMAGES.

No reference to pecuniary amounts in this Agreement, whether by way of allocation of the consideration provided for herein or otherwise, shall be construed as an agreement to liquidate damages in the event of default of any of the provisions herein.

14. ARBITRATION OF DISPUTES.

Any dispute among the parties arising from this Agreement shall be subject to binding arbitration. The arbitration shall decide any matter and dispute between the parties to this Agreement and the arbitrator may award attorney's fees, if allowed by law, and any such award may be entered as a judgment in any court of competent jurisdiction. The arbitration shall be conducted pursuant to the Rules of Commercial Arbitration and American Arbitration Association and the place of arbitration shall be Columbia, South Carolina.

15. DATE OF CLOSING

This Agreement shall close on or before August 31, 2005 (Initial Closing). Thereafter, the Management Period shall commence and shall terminate no later than five (5) years from the date of the Initial Closing or upon written notification received by the Purchaser of the final approval necessary to obtain in regard to the transaction contemplated by this Agreement (Final Closing). However, notwithstanding anything herein to the contrary, Sellers agree to cooperate with Purchaser

subsequent to the Initial Closing and during the Management Period to ensure an efficient and comprehensive turnover in regard to the business of the Corporation.

16. COUNTERPARTS.

This Agreement may be signed in counterparts, all such counterparts together constituting the completely executed original Agreement.

IN WITNESS WHEREOF, each party has executed this Stock Purchase Agreement on the dates set forth below.

WITNESSES:

F. Smith

[Signature]

[Signature]
[Signature]

SELLER:

[Signature] 1/13/06
D. Renee Williams, IV

DATE: _____

PURCHASER:

[Signature]
Sam Brown

DATE: 1-13-06

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

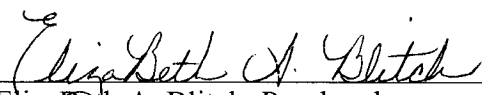
Docket No. 2006-_____-W

In re: Application of Piedmont Water Company,)
Inc., for Approval of Stock Purchase)
Agreement)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blich, do hereby certify that I have this date served one (1) copy of the Application of Piedmont Water Company, Inc. upon the following counsel of record by causing said copy to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto and addressed as follows:

Florence P. Belser, Esquire
General Counsel
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211.


ElizaBeth A. Blich, Paralegal
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

July 20, 2006

Columbia, South Carolina